



Investigation Task Force

Irregularities in the addition of a single source contract one month after the award of a contract for the supply of two new containers and the dismantling, transport and re-construction of a further seven containers at Pristina Airport
(Case 0281/04)

I. INTRODUCTION

1. This case arises out of an audit report dated 28 February 2003 into the financial statements of Pristina International Airport conducted by the Chartered Accountants which led to an investigation concerning alleged corruption and irregularities arising in the course of procurements and contracts at Pristina International Airport.
2. It is alleged that a single source contract for one container was added one month after a main contract for the supply of two new containers and the dismantling, transport and re-construction of a further seven containers at Pristina Airport.

II. METHODOLOGY

3. This investigation was conducted pursuant to Executive Decision No 2003/16 on the establishment of the Investigation Task Force. The ITF investigators conducted an enquiry into the allegations raised by interviews with persons indicated to be witnesses and persons potentially implicated in the allegations; by obtaining documents from the Pristina Airport administration and from Pillar IV, which were then analysed for relevance to the inquiry at hand.

III. BACKGROUND INFORMATION

4. Pristina International Airport constitutes a state owned enterprise under Yugoslavian law. The assets of the airport include the runways, terminal buildings, hanger, fuel storage facilities and equipment. During the period covered by this investigation, from 2001 until 2003, they were maintained by the Public Enterprise Airport Pristina, (PEAP) in cooperation with Military Units of the Kosovo Force (KFOR). Pursuant to United Nations Security Council Resolution 1244 dated 10 June 1999, and UNMIK Regulation No 1/1999 dated 25 July 1999. UNMIK is mandated to administer the territory of Kosovo, including state owned and publicly owned assets. This includes Pristina International Airport.
5. On 1 July 2002, the responsibility for the administration of the Airport passed from Pillar II to the Kosovo Trust Agency (KTA) and Pillar IV. The KTA Divisional Manager was appointed to the Airport Sector, KTA at the same time. Under him

were the PEAP Official and the ACTS Official.

6. On 1 April 2004 Pristina International Airport, which had until that time been under the jurisdiction of KFOR was handed over to civilian jurisdiction, under ICAO regulations.
7. It is against this background of change that procurement procedures relating to the following contract have been examined.

IV. INVESTIGATION DETAILS

8. This investigation relates to a Contract, for the supply of two new containers and the dismantling, transport and re- construction of a further seven containers at Pristina Airport. It also deals with a further single source contract for the supply of a further container. The value of the contract is €24,762 and the supplementary contract €4,100.
9. It is alleged that there were irregularities in the addition of a single source contract one month after the award of the main contract. In addition, there did not appear to be any capital expenditure approval or payment order on file.
10. Evidence contained in a bid evaluation report dated 29 August 2002 indicates that a competitive tender was held on 29 August 2002 for the supply of two new containers and the dismantling, transport and re-construction of a further seven containers at Pristina Airport.
11. Following a competitive tender, the contract was awarded to the Vendor who submitted the lowest bid in the sum of €24,762. A contract was signed with the company on 29 August 2002.
12. On 4 September 2002, a further single source contract was signed by the KTA Divisional Manager for the supply of an additional container. This appears to have resulted from a direct request from KFOR signed by the KFOR Official of Air Movements, dated 3 September 2002, which is attached to the justification for the single source contract.
13. The tender file does not contain either a justification memorandum or financial approval documents for the main contract and those documents have not been located by the ITF.

V. CONCLUSIONS

14. A competitive tender appears to have been correctly held for the main contract and the addition of the single source contract to add a further container appears to be justified. However, there is an absence of proper records detailing events that gave rise to the competitive tender, together with an absence of documents confirming that financial approval was sought.
15. Both the contracts and the justification for the single source contract appear to have been signed by the KTA Divisional Manager.

16. In the absence of further documents it is not possible to indicate whether or not there were irregularities in the financial approval procedure.

VI. RECOMMENDATIONS

17. It is recommended that UNMIK refer this matter to the D/SRSG of Pillar IV for any action deemed appropriate with regard to the management of contract files.
(IV04/281/01)